GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1087
ANSWERED ON:24.10.2008
VARYING INFLATION RATES
Barman Shri Ranen

Will the Minister of FINANCE be pleased to state:

(a) whether varying rates of inflation prevail in the urban and rural areas;

(b) if so, the details thereof alongwith the reasons therefor;and

(c) the steps taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE FOR FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) to (c): The year-on-year inflation is measured in terms of GDP-Deflator,Wholesale Price Index and four type of Consumer Price Indices for Industrial Workers,Urban Non-Manual Employees,Agricultural Labourers and Rural Labourers.Variation in inflation rates stems from different consumer groups with different basket for whom different indices have been constructed. The details of inflation for recent months are indicated in the table below:

Month	WPI	CPI-IW	CPI-UNME	CPI-RL	CPI-AL
APR-2008	8.04	7.81	7.0	8.6	8.9
MAY-2008	8.86	7.75	6.8	8.8	9.1
JUN-2008	11.82	7.69	7.3	8.8	8.8
JUL-2008	12.36	8.33	7.4	9.4	9.4
AUG-2008	12.49(P)	9.02	8.5	10.3	10.3
SEP-2008	12.04(P)	NA	NA	11.0	11.0

P : Provisional

It is proposed to compile separate Consumer Price Index (CPI) for entire urban area.The field work pertaining to price data collection for CPI (Urban) has already started. Attempts are being made to finalize the agency for collection of rural price data for compilation of CPI (Rural). Working Group on revision of Wholesale Price Index (WPI) has also submitted its report recommending shifting of the base year to 2004-05 for the new series of WPI as against the current series with its base year of 1993-94.A total of 1225 commodities have been identified for the new series of WPI.However,adjustments in product basket would be required depending on the response from the sources.